



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Ted Nickel, Commissioner

Wisconsin.gov

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Local Government Property Insurance Fund

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NOTICE OF ALTERED POLICY TERMS VALUATION POLICY OCI 41-080 (R 01/2015) BUILDERS RISK POLICY OCI 41-104 (R 01/2015)

NAME
ADDRESS
CITY, STATE, ZIP

Policy Number:
Renewal Date:

Dear Insured:

Wisconsin Statute 631.36 provides that policyholders be notified of any significant policy alterations at least 60 days prior to any anniversary (*i.e.*, *renewal*) date if the changes are to become effective on the renewal date. In the event the renewal is sent by first class mail less than 60 days prior to the anniversary date, the policy change becomes effective 60 days after the notice is mailed. As a policyholder, you have the right to cancel coverage without penalty within the prescribed 60 day time period. After 60 days, cancellation may be subject to customary short rate cancellation charges.

This notice is being sent to all policyholders since changes have been incorporated into the Valuation Policy and Builders Risk Policy. A brief description of the significant coverage changes are listed below

Description of Policy Changes

The following applies to the revised policies and newly created endorsement included in this filing:

1. OCI 41-080 (R 01/2015) VALUATION POLICY. This filing revises policy language in the OCI 41-080 Valuation Policy. There are a number of editorial revisions that clarify policy language with no additional restrictions or enhancements to the policy. The most significant changes are the following that are restrictions or expansions of coverage:
 - a. SECTION IV – COVERED PROPERTY changes.
 - i. Item D. The restriction for unscheduled Property in the Open having to be within 1000 feet of a building or structure in order to be covered has been removed. The \$1000 limit per item has also been removed. Only the \$10,000 maximum per occurrence applies.
 - ii. Item N. we removed the “adding roof area” and changed it to “adding square footage” to clarify the coverage provided for buildings being remodeled or repaired.
 - iii. Item Q we added “or compliance with” which broadens coverage since an enforcement action to comply with Ordinances or Law is not required. Also, we have clarified that we are only required to repair to the minimum standards required by the ordinance or law.
 - iv. Item T. Fire department charge coverage has been expanded by adding “each premises”. Previously we could pay up to \$5000 for an occurrence rather than for each premises affected.
 - b. SECTION VI – LOSSES EXCLUDED.
 - i. The earthquake exclusion in Item A. 2. has been clarified to also mention that earthquakes include tremors and aftershocks.
 - ii. Item A. 7. was added to exclude hot water boilers or other heating equipment since these items should be covered under a separate equipment policy, (e.g. boiler insurance.)

- c. Adds "historical building" in SECTION VII – BASIS OF RECOVERY. This introduces coverage limitations for an "historical building" that allows for limiting the maximum pay out to the "market value" of the property or the cost to repair damages with comparable materials to damaged covered property. The insured has the option to obtain the OCI 41-928 HISTORICAL BUILDING EXCEPTION ENDORSEMENT if the historical building is insured for full replacement cost. Definitions of "historical buildings" and "market value" have also been added in SECTION IX – DEFINITIONS. In addition, SECTION IV – COVERED PROPERTY, Item Q – Ordinance or Law coverage was revised to incorporate the changes added for a "historical building". SECTION X – ADDITIONAL COVERAGES Item B. Fine Arts was also revised to reflect the changes to SECTION VII – BASIS OF RECOVERY.
 - d. SECTION VII – BASIS OF RECOVERY also has a revision to specify that the Fund may settle on the basis of actual cash value if the insured does not repair or replace. However, it also specifies that the insured has 180 days from the date of loss to advise the Fund that they have decided to repair or replace. This 180 days allows an insured to opt for repair or replacement versus the actual cash value settlement.
 - e. SECTION VIII – CONDITIONS, Item H. "Fund's" Options has been modified to clarify that it is up to the Fund's discretion whether to repair or replace covered property. This was done to avoid the possibility that an insured would claim that it was solely within their discretion as to whether to repair or replace damaged covered property.
2. OCI 41-104 (R 01/2015) BUILDERS RISK POLICY. This policy was revised to track with changes to the Valuation policy that also affected the Builders Risk policy. As with the Valuation Policy, There are a number of editorial revisions that clarify policy language with no additional restrictions or enhancements to the policy. The primary changes that track with the Valuation policy changes are those in Items 1. A. iii. & iv.; b.; d., and; e. above.
 3. OCI 41-927 (C 01/2015) HISTORICAL BUILDINGS EXCEPTION ENDORSEMENT. As indicated in Item 1. c. above, this optional endorsement allows an insured to waive the limitation for an historical building if they agree to insure the historical building at the full replacement cost. This endorsement removes the limitation for paying the lesser of the "market value" of the property or the cost to repair damages with comparable materials to damaged covered property.

No coverage is provided by this summary nor can it be construed to replace any provisions of your policy. You should read your renewal policy and review your Declarations Page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, the provisions of the policy shall prevail.

The Fund's Advisory Committee, which is comprised of 21 Fund insured members, worked with the Fund in reviewing these changes and has endorsed making the changes noted above. If you have questions about any of the above changes, please contact the Fund Administrator at 877-229-0009, or the undersigned at (608) 264-8118, or email me at Brynn.BruijnHansen@wisconsin.gov.

Please review this new policy closely when you receive your renewal policy.

Sincerely,

Brynn Bruijn-Hansen
Insurance Program Manager,
Office of the Commissioner of Insurance